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STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
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DATE: April 12, 2004

TO: All Insurance Education Providers, Insurers, Producers and Other Licensees

FROM: Sonya W. Dungey
Director of Licensing

RE: Modifications and changes impacting Producers and Education Providers

As we rely more and more on technology as a means to share information, it is critical that all licensees, including insurers, education providers, producers, etc. review the OFIS (www.michigan.gov/ofis) website on a regular basis to remain compliant with licensing requirements. We highly recommend that all licensees mark our site in their “favorites”, hit the “refresh” button occasionally, and check the site at least once a month. We try to “**Spotlight**” new information on the website to draw your attention to latest changes impacting licensure on the Licensing Home Page.

I would like to reiterate and summarize the changes implemented that directly impact your programs, processes and/or producers. The respective information can be found in its entirety on our website either on the Licensing tab and/or the Licensing’s Education tab. Please share this information with your clients.

OFIS Website

OFIS launched a consolidated ‘Licensing’ section on its website for its insurance, securities and consumer finance licensing functions in July 2003. The consolidated section offers easy to read information in a central depository format for common license-related issues.

The new format facilitates the acts of gathering information, becoming licensed or registered with OFIS and maintaining those licenses or registration, including extensive use of links, which are provided to applicable laws, forms, and email to contact OFIS staff directly with questions or concerns.

OFIS posts a list of Frequently Asked Questions (FAQs) for licensees, providers, etc. Please review these FAQs to assure familiarity with rules, and regulations of holding an insurance license. For example, when enrolling in an education course, licensees must attend the entire program as filed and approved to receive credit. No partial credits are allowed for any course not attended in its entirety.

Michigan Insurance Candidate Handbook/Required Reading

In 2001 OFIS mandated all prelicensing education providers give new candidates for insurance licensing the “Required Reading” document. This “Required Reading” document mandated all candidates read the Michigan Insurance Candidate Handbook prior to examination day. This Handbook outlined the insurance licensing process and continued responsibilities once an insurance license has been issued.

The Handbook as we once knew it no longer exists. This memorandum rescinds the “Required Reading” directive. Several informational sheets relating to licensure replaced this Handbook. These sheets are broken out into many different related topics, including “How do I get an insurance license?” to “What do I need to do once I am licensed?” These sheets are posted on the OFIS website, under the Licensing tab.

Providers and sponsoring insurers/producers must advise candidates to view the [OFIS website \(www.michigan.gov/ofis\)](http://www.michigan.gov/ofis), select Licensing and/or Education tabs) to assure they thoroughly understand the responsibilities associated with an insurance license in Michigan **prior to** obtaining the license. Remember, licensure is a privilege and not all persons can be licensed.

Once candidates sign and submit an application for licensure, they are attesting they understand the responsibilities of holding an insurance license. **Candidates further attest that they will remain abreast of any changes relating to the license.** If candidates do not have access to the Internet, it will be the responsibility of the provider and/or sponsoring insurer/producer to print this information from our website and provide to the candidate prior to examination date.

Online Application—FIS 0225

OFIS unveiled its Online Individual Application for Insurance Licensing, the [FIS-0225](#) form. Although candidates are not able to pay statutory fees via the Internet, OFIS is committed to processing electronic applications within a day or two of payment receipt. Paper applications can take up to 2 weeks to be entered and a license document issued. We encourage applicants to submit their applications for licensure online to decrease processing time and reduce errors.

Address Changes

All licensees are required to maintain a current address on file with the State of Michigan. **Failure to do so will result in termination of that license.** OFIS will use information we have on file in a diligent effort to contact the affected licensee. Licensees are required to pay a \$100 civil fine along with the statutory mandated fees to reinstate the license unless the licensee can demonstrate that OFIS erred in its processing.

Closed Book Exams And Affidavit

Effective August 30, 2003, OFIS began strict enforcement of reporting the \$1.00 per credit hour within 30 days of a “course completion” **and** tighten the rules for test security for self-study courses. OFIS has posted all the changes to the CE processes on the Education tab of our website.

Before a course can be graded and considered for continuing education credit, the provider must receive a disinterested third party affidavit. **The disinterested third party affidavit must be**

received with the exam for the exam results to be valid. Failure to return this document with the exam for grading will result in NO credit being issued to the licensees. Education providers are responsible for tracking this disinterested third party and advising licensees who is eligible as a disinterested third party. OFIS will audit the providers for compliance.

Course Expiration Dates

All courses expire 2 years from their date of approval. Providers must maintain at least 1 course active at all times to stay active in Michigan. Failure to keep at least one course active results in **termination of the provider's status and all courses**. It is the provider's responsibility to monitor this status. Failure to do so may result in termination without notice to the provider.

Michigan providers cannot offer credits, if a course is NOT active at the time the licensee completes the course. To offer courses again, providers must pay the \$500 provider application fee, pay all new course filing fees, submit all required applications and supporting documentation for review. Once approval has been granted providers may begin offering courses for credit to Michigan licensees.

Firm Element/Designation Programs/CE Compliance

Many insurers require professional designations for advancement or "Firm Element" courses as part of the insurer's educational requirements for producers and solicitors. These courses may be different (or the same) as Michigan approved CE courses. However, education providers have developed different payment mechanism, form filing requirements, etc. to allow producers to comply with the insurer requirements and then another mechanism, similar in nature, imbedded in these programs to get insurance credit. This is confusing to the industry and will no longer be tolerated.

Any Michigan approved provider, who offers CE for a Firm Element, professional designation course or any other Insurer requirements **and** mandates an additional fee or form to report Michigan approved CE hours, will be in violation of the Michigan Insurance Code for misrepresentation. **Providers must report the \$1.00 per credit within 30 days of course completion with or without any additional payment or forms** or face monetary penalties and/or termination as a provider in Michigan.

Please share this information with the producer workforce to avoid non-compliance with the Michigan mandatory CE. We encourage licensees to be sure they earn and get the credit hours posted to their bank at least 45 days prior to their review date. Licensees are not compliant until the \$1.00 per credit has been reported and posted to the licensees' personal record. This can take up to 45 days from course completion. For example, if you complete a course February 28th and your review date is March 1st your license will most likely be suspended for failure to meet continuing education requirements. If your license is suspended please refer to Section 1204c(13) of the Michigan Insurance Code.

Resolving Credit Hour Disputes for Producers

Licensees must notify OFIS in writing when compliance has not been met, the reasons compliance was not met and the reason why OFIS should make an exception to our automated

processes. OFIS will contact the provider for a factual account of the complaint by the licensee. This may take up to 30 days to resolve.

If the provider met the requirements under the statute, no additional time will be granted to a licensee to comply; nor will formal action be taken against the provider. However, if the provider offered an expired course and/or failed to properly report the \$1.00 per credit hour, formal action will be taken against the provider for noncompliance.

If you have any questions regarding these processes or need clarification, please contact our office at 877-999-6442.

Continuing Education Administrator
Producer Licensing
Surplus Lines Producer
Agency Licensing
Appointments/Cancellations
Purchasing Groups/Risk Retention Groups
Surplus Lines Agency
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